

**PAL Internal Document No. 5
Abridged Version**

**Conflict Processing and the Opium
Poppy Economy in Afghanistan**

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PAL

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This document is an abridged version of the PAL Internal Document No. 5

"Conflict Processing and the Opium Economy in Afghanistan" by Jan Koehler, May 2005.

The field work was implemented in cooperation with Coordination for Afghan Relief (CoAR).

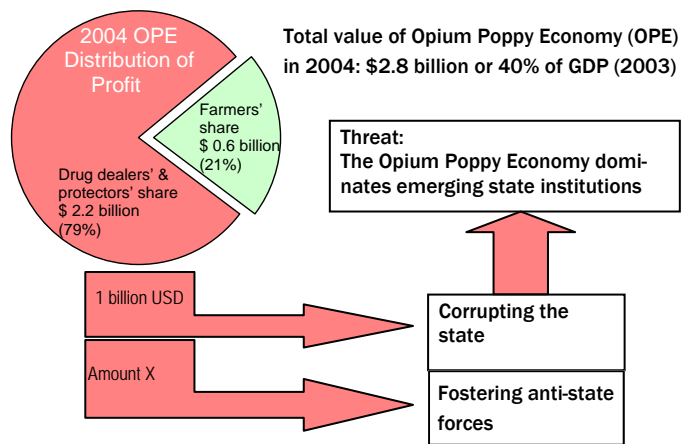
Contents

- The Opium Economy in Afghanistan **1**
- The Research **1**
- Why Farmers Get into the Drug Economy **2**
- Why Farmers Stay in the Drug Economy **3**
- Why Farmers Should Get out of the Drug Economy **4**
- Conflicts in Rural Afghanistan **5**
- Conflict, State Building and the Fight against the Drug Economy **14**
- Conclusions **18**

The Opium Economy in Afghanistan

Afghanistan is by far the world's largest producer of opium and in 2004 the country produced an estimated 4200 tons. Profits from the drug economy generated about 40% of the country's GDP, and were equivalent to five times the annual budget of the Afghan state. Clearly, the Afghan drug economy is cause for great concern.

According to the Minister of Rural Reconstruction and Development "the Opium Poppy Economy generates 2.8 billion Dollars revenue within Afghanistan. 600 million dollars stay with the farmers; 2.2 billion dollars are generated from farm gate to border. Roughly one billion Dollars of this profit already finances corrupt government like security forces, governors, ministers. In a short time drug barons



could dominate political institutions like the parliament and sack reformers and pro-western forces in the government. Gradual approaches to opium poppy eradication that worked in Thailand or Pakistan, where robust state institutions are in place, will not work in Afghanistan; only a shock therapy will save the state-building endeavour". (Paraphrased from

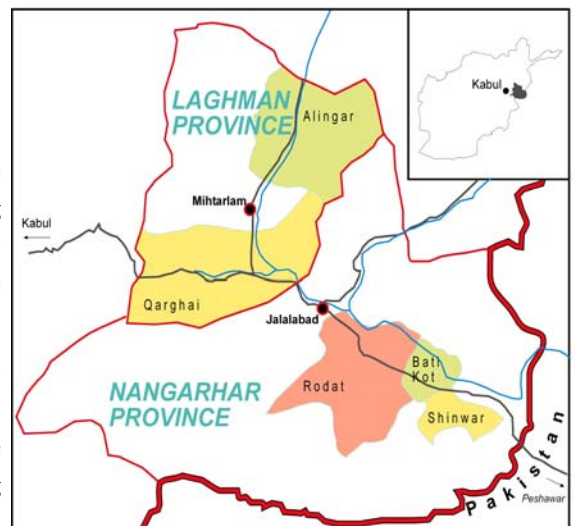
interview with the author, 16.02.2005).

The two objectives of combating the drug economy and promoting state-building need to be carefully balanced. Wider state-building in Afghanistan is endangered by the drug economy and by badly designed and poorly executed measures against it.

The Research

Field research was carried out in two provinces: Laghman and Nangarhar but the findings probably apply to other poppy producing regions of Afghanistan. Nangarhar is a traditional poppy growing province and Laghman is a relative newcomer.

359 household interviews and 121 'key informant' interviews were conducted with representatives of different social groups who are directly or indirectly involved in the drug





In this remote village in Alingar district of Laghman province the petrol station is a leftover from the time when a major opium poppy bazaar was attracting inter-regional traders with a demand for fuel

The wider project of state-building in Afghanistan is endangered not only by the drug economy, but also by badly designed and poorly executed measures against it.



Valley in Laghman; this year wheat is the dominant crop cultivated

economy or who had knowledge about the drug business. Those interviewed included teachers, traditional village representatives, spiritual leaders, doctors, civil servants and representatives of law enforcement bodies. 25 conflict case studies were also analysed; these case studies provide information about the social, political and economic causes of conflict. Only a few of these cases were directly related to the drug economy. Lastly, 45 in-depth interviews were conducted with policy

makers and experts in Kabul and the provincial centres.

The impact of the drug economy on conflicts and on the existing conflict processing mechanisms was also examined. Apart from conflict caused by the drug economy, there are also conflicts over natural resources, over the process of state-building, conflicts related to the distribution of resources by international donors and the rules and procedures advocated by them, as well as conflicts over

social issues (about cultural norms and social, ethnic or gender discrimination).

Local currencies and measurements used:	
1 ha	5 jrib
1 \$	60 Pakistani Rupees
1 seer	1.250 kg

Why Farmers Get into the Drug Economy

Afghanistan is an agrarian country. 78% of the population live in rural settlements. The overwhelming majority of Afghan farmers are, for the most part, pre-occupied with food security and with ensuring survival. There are strong incentives for farmers to engage in the cultivation of opium poppy. The crop has a number of striking advantages over other crops. Opium poppy is very marketable and the crop is durable and well suited for storage, which gives the farmer a much needed reserve currency in kind. The modest water requirement of the crop also makes it well suited for a

country which suffers from a scarcity of irrigated land.

The crop also has a number of significant benefits for the whole economy: It guarantees a cash injection into various levels of the national economy, it has a stabilising effect on the currency by improving the balance of payments, and it is labour intensive which means that the work force is kept in the regions, thus preventing potentially disruptive migration to urban centres or neighbouring countries.

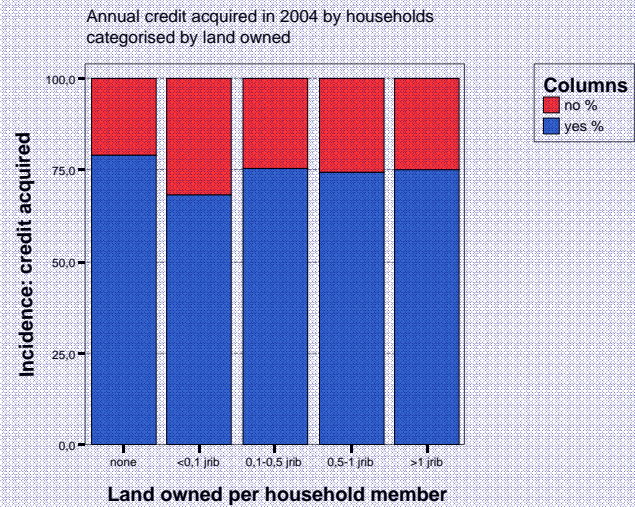
It has been estimated that 21% of the income generated by the opium poppy economy (roughly 0.6 billion USD) stayed with the farmers in 2004. For 2003

the ratio was even higher, 44% or 1.2 billion USD, according to UNODC estimates. These revenues are therefore a crucial lifeline for many farmers. However, it would be wrong to assume that the revenues from the drug economy are a panacea for rural poverty in Afghanistan. The growth in the opium poppy economy after 2001 has without doubt helped many farmers to recover and to repay their debts which accumulated during the preceding years of drought. Nevertheless, widespread poverty among the rural population still affects nearly all farmers, including those involved in the cultivation of the opium

poppy. There is a wide gap in income and power between the farmers on the one hand and the landlords involved in large scale opium poppy cultivation, the traffickers and traders, the professionals running refining labs and the political patrons who provide security services in return for shares, bribes or informal taxes on the other hand.

Annual credits in 2004

The diagram shows the high number of seasonal credits (*salaam*) taken in 2004, indicating even access to credit for farmers irrespective of their landholdings. This reflects a situation in which access to credit was widely available because of the undisturbed involvement of most farmers in opium cultivation in 2004. The expectation is that this situation will change significantly in 2005, with resource poor farmers having less access to annual credits than resource rich farmers.



Why Farmers Stay in the Drug Economy

Cash incomes are undoubtedly a great incentive to cultivate opium poppy. However, there are other factors which also seriously restrict farmers' alternatives.

The most important factor is what could be called the *salaam*-trap. Many farmers are obliged to take seasonal credits in order to bring their families through the winter or to plant crops for the coming year. An established traditional credit system exists, which is referred to as *salaam*. It is a payment received in advance for a crop yet to be planted and harvested. The credit sum is usually about half the market value of the expected future harvest at the time of

the credit agreement. *Salaam* is also used as a credit scheme for leasing land. Farmers with little land can lease land in return for an amount of the future harvest or the money equivalent. While this is an established credit system for a range of agricultural products, the inherent logic of the *salaam*-system encourages credit-takers to plant the cash crop with the highest expected return on investment. Credit-givers, in turn, are maximizing their profits by lending credits to those farmers who will plant crops with the highest expected profits. As a consequence, this system of agri-

culture credits promotes the cultivation of opium poppy.

Opium poppy is a crop well suited to a country which has a large rural workforce and a dramatic scarcity of irrigated land. Land shortage is primarily a natural given, however, there are social and political factors which exacerbate existing land shortages:

Traditional rules of inheritance foresee that every son should receive an equal plot of land. This fosters from generation to generation increasing land-fragmentation. As a result, competition for arable land within and between kin groups and communities is tough.

The inherent logic of the salaam-system encourages credit-takers to plant the cash crop with the highest expected return on investment. Credit-givers, in turn, are maximizing their profits by lending credits to those farmers who will plant crops with the highest expected profits. As a consequence, this system of agriculture credits promotes the cultivation of opium poppy.



Poppy field in Achin district of Nangarhar; reportedly, after initial clashes with farmers, most fields were eradicated before harvest



Land scarcity in upper Laghman. Irrigated terraces feeding a village of 5400 inhabitants

Pressure on land is also exacerbated by the fact that land tenure security is low. Property rights for land are weakly institutionalized, and local power holders misuse the power of guns or the power of office in order to accumulate land. Communities and farmers who are not well connected and lack the critical support of the local power holders become very vulnerable.

Property insecurity increases for significant segments of local communities, as does land concentration in the hands of new elites.

Hence, where the opium poppy economy has established itself as the main economic activity, it dominates such vital aspects of the rural economy as access to credit, access to arable land and access to wage labour.



Above: separating the wheat from the chaff (Badakhshan province 2003)

Below: Formerly irrigated land, desertification in Quarghai district



Why Farmers Should Get out of the Drug Economy

If the plight continues to be so despite high prices, I may probably first mortgage my land and if it doesn't meet my requirements, I may sell it. Ultimately I will leave the country because it was opium which met our life purposes

Opium poppy is a high risk crop despite the short term benefits it offers the individual farmer. In the long run, dependency on opium poppy increases risks for the individual farmers, and for the rural economy as a whole. Opium poppy is, as with other crops, subject to

crop failure – due to drought, insufficient irrigation, pest infestation or a lack of affordable labour during harvest. Unlike other crops, there is a higher unpredictability of farm gate prices as these prices are subject to the speculative manipulation of an illegal

market, a market depending on powerful patrons. The very real prospect of large scale eradication and law enforcement threatens to hurt the farmers who are dependent on opium poppy.



Security exercise along the Nangarhar channel; the heavily armed personnel was made up of Afghans and US security forces in and without uniform

“Foreigners put pressure on the state and the state got compelled to have us destroy poppy crops and was shouting that we will provide you an alternate livelihood. It neither provided us an alternate livelihood nor helped, but left us idle and without a career. If the plight continues to be so

despite high prices, I may probably first mortgage my land and if it doesn't meet my requirements, I may sell it. Ultimately I will leave the country because it was opium which met our life purposes.”

(Farmer from Shinwar district in Nangarhar)

Those who had to accept credits to bring their household through the winter on the speculative assumption of a successful opium harvest will be especially hard hit by eradication efforts. But eradication also hurts the small credit-givers many of whom run small businesses, and who are often also in debt. The system of the *salaam*-credits acts as a risk multiplier: Credit is given and the return on credit is calculated without a *force majeure* clause to the contract. In other words, all risks – ranging from bad harvest to eradication measures – are shouldered by the weaker party, the farmer-credit-taker. Such credit arrangements easily result in debt accumulation, forced work-migration, and the stripping of household assets (from livestock and household items to land). Opium

poppy thus leads to increased dependency and the increased risk of sudden poverty for the weakest segments of rural society.

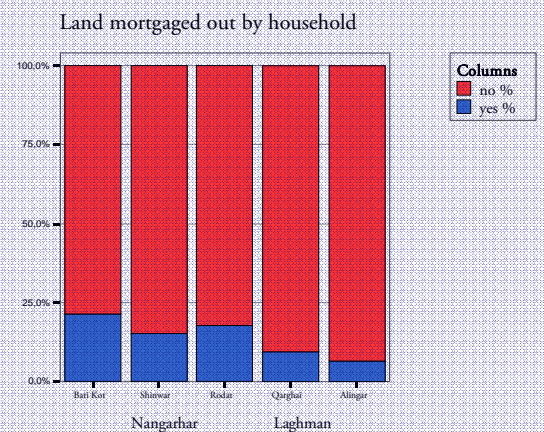
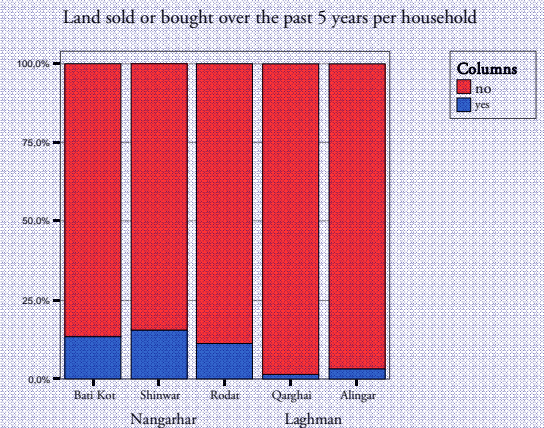
Community representatives in Shinwar district of Nangarhar, discussing the consequences of the cultivation ban on the community



Losing your land

Land is not a commodity like any other in the Eastern Provinces of Afghanistan. There is no open market for land and families and households are extremely reluctant to sell their land. Often it is the last asset sold. Having to sell family land is considered shameful. Private land is therefore often ‘acquired’ and ‘lost’ rather than being bought and sold. Before all property rights on land are completely lost, the land is often mortgaged and if the debt cannot be repaid, the land is taken over in full by the mortgage lender.

The following diagrams illustrate the general reluctance to trade in land. In our sample, the frequency of selling or buying land over the past five years was higher in districts with an entrenched and dominant opium poppy economy (higher in Nangarhar, lower in the Laghman districts that are relatively new to opium poppy cultivation). The same trend can be observed in the mortgaging of land. This regional difference may indicate that dependency on a high-profit but high-risk drug economy does, indeed, increase property insecurity with regard to arable land.



Conflicts in Rural Afghanistan

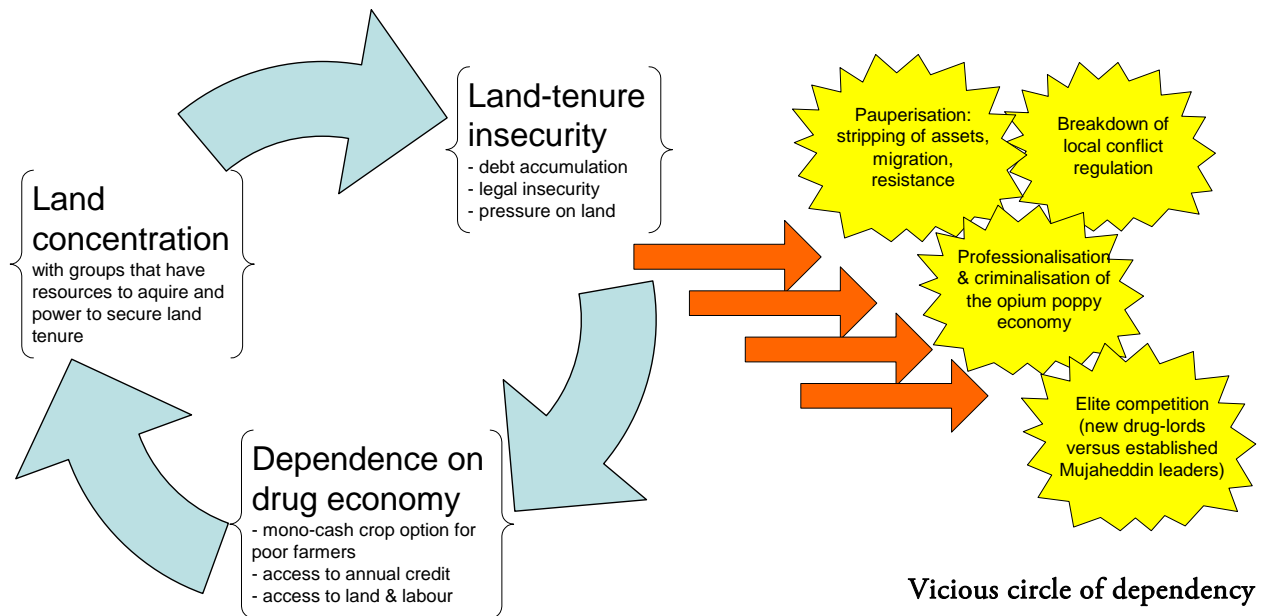
Conflict itself is not necessarily a problem for a society. Socially embedded conflicts which are dealt with (“processed”) according to accepted and practised rules and in a non-violent way are

an integral part of development. Such a means of dealing with conflict facilitates adaptation to changing environments in a non-violent way. Thus, it is not conflict *per se* that should be the

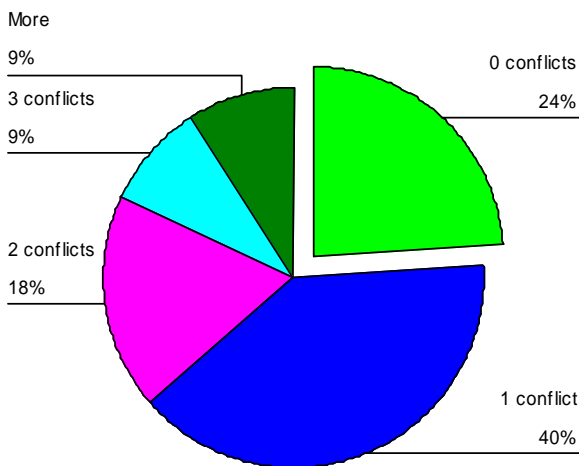
primary concern for alternative development initiatives but the question of whether conflict leads to violence.



Top: Soviet tank left in a cornfield; Left: Over the past 25 years over 6 million Afghans sought refuge in neighbouring countries, Pakistan in particular. Migration still is an exit option in reaction to conflict and economic hardship



Number of conflicts of concern for the respective community in 2004



Boys and young men listening to the radio via a NGO-sponsored world receiver. The teenager to the left hides his Kalashnikov; the village was in feud with a neighbouring community and most men were armed

We have investigated conflicts and conflict processing capacities in rural Afghanistan. Of special interest was the impact of the drug economy on conflicts and on existing conflict processing mechanisms. Apart from the drug economy, we were also interested in the relevance of four other areas of conflict. These were: Conflicts over natural resources, conflicts related to the process of state-building, conflicts related to the distribution of resources by international donors but also to new rules and procedures advocated by international donors, and finally issues of social conflict (conflicts about cultural norms and social, ethnic or gender discrimination).

In order to shed some light on these issues, we firstly conducted 25 conflict case studies. The following table (see next page) displays the conflicts we identified in each district and allocates them within one of the five conflict fields. The red font colour indicates that a conflict involved a significant though not necessarily lethal level of violence. The numbers in brackets depict cross-relations the case has to other areas of conflict. The numbering in the bottom rows shows the incidence of primary conflicts and cross-related secondary conflicts within a particular area.

We cross checked the findings of these 25 case studies with evidence from the household and the position

Conflict areas (note: the explanation of the table starts on the previous page)

	Area 1 Natural re- sources	Area 2 Opium-Poppy economy	Area 3 State-building	Area 4 NGO activity	Area 5 Social conflict
District I: Bati Kot	*[2, 5] *[2, 3] *[3, 5] *[2, 3, 5] *[2, 5]				
District II: Shinwar	*[2, 3, 5] *[2, 5] *[2, 3, 5]	*[3, 5]		*[2, 3, 5]	
District III: Rodat	*[2, 3] *[2, 3, 5]	*[1, 3, 5] *[5]		*[1]	
District VIII: Alingar	*[5]			*[2] *[1, 2, 3]	*[1, 2, 3] *[3, 4]
District V: Qargahi	*[2, 3, 5] *[2, 4]		* [0]		*[1, 2, 3] *[3]
<i>total pri- mary con- flicts</i>	13	3	1	4	4
<i>total cross- relations</i>	5	16	16	2	14

interviews.

The main findings are reported below.

By far the most relevant area of conflict is competition over agricultural land and, related to this, over access to irrigation water. Of the 25 case studies analysed in this survey, thirteen directly related to land tenure conflicts and an additional four case studies involved disputes over land as a secondary aspect of conflict.

Eleven of the conflicts which were primarily concerned with tenure issues also showed an indirect link with the opium poppy economy. Conflicts over land also showed a high propensity for violence. Eleven of the thirteen land conflicts involved a high degree of violence. In most cases, influential power holders were at least indirectly involved in conflicts over arable land. We found that farmers involved in a

conflict over land must rely on the protection of powerful patrons if they want to “win”. Consequently, stirring up conflicts and resolving them by exercising power appears to be a common strategy for local power holders to build up their networks of patronage. We also found that a number of conflicts were first stirred up by district level state officials and then resolved by the same officials for an (informal) fee.



The heroes of the past earned their prestige in violent struggle against foreign intrusion (and internal fighting between different factions). The violent heroism of the past haunts state and society today



Two main residues of honour in Pashtun community life: the integrity of the compound and of female family members men have to defend

The opium poppy economy has an indirect impact on existing conflicts, because it influences, just like other economic activities, the capacities of actors in a conflict. In other words: The opium poppy economy does not directly cause conflicts, but existing conflicts are affected by the resources it generates.

The opium poppy economy itself was not identified as being among the most relevant areas of conflict. Until February 2005, when our fieldwork was conducted, conflict within the opium poppy economy appears not to have been the major concern for rural communities. This reflects the strong social embedding of the opium poppy economy in existing and reliable rules of market and trade relations.

We identified only a few cases in which the opium poppy economy was identi-

fied as the main area of conflict. We recorded disputes between traders about contractual arrangements, and conflicts over the distribution of profits generated by the opium poppy and heroin trade. Interestingly, we did not record a high level of escalation or violence, and there was no dispute over the basic rules of the trade, these were disagreements over specific aspects

of daily business. This again points to the fact that, at least for the time being, the opium poppy economy is socially embedded and widely seen as a normal economic activity.

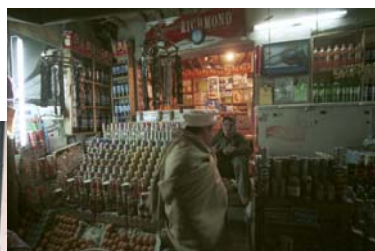
We found frequent disputes between creditors and farmers unable to return credits taken in opium under the *salaam* credit scheme; as the following case study illustrates:

*In the planting period of 2000, the household of Abdul M. was short of cash after losing part of its earlier harvest to the drought. Abdul M. borrowed 23 seers of opium from the richer farmer A. The price fixed for this amount of opium was 8,699 Pakistani Rupees per seer, i.e. roughly 200,000 Rupees altogether. This value is usually based on the estimated maximum value of opium at the time the credit is due to be repaid. Abdul M. took the opium and sold it for the price of the day, namely 80,000 Rupees. He invested in opium poppy cultivation in order to return the *salaam* credit the following year. Unfortunately for him (and many like him) in 2001 the Taliban ban on opium poppy cultivation took effect and he lost his harvest again. Thus, Abdul M. was unable and unwilling to pay the agreed amount of 200,000 Rupees back to farmer A. Farmer A. mobilised 10 relatives and went to the village of Abdul M. to push his claims.*

*They were repelled by about 30 people loyal to Abdul M. Fighting erupted between the two groups which resulted in some minor injuries. Farmer A. referred the case to the Taliban district government but it refused to get involved and ordered a *jirga* on the issue. By that time Abdul M. had returned the initial value of the opium borrowed (the 80,000 Rupees), but farmer A. insisted on receiving the full *salaam* credit originally agreed. The *jirga* – here a rather informal “court of arbitration” specialising in business and trade issues and not one of the more formalised inter-communal *jirgas* – proposed a compromise based on paying half of the claimed interest. Neither party, however, reached agreement and the conflict is still ongoing. For Abdul M. there is the threat the he or some close kinsmen may be taken hostage by farmer A. in order to recover his claim.*



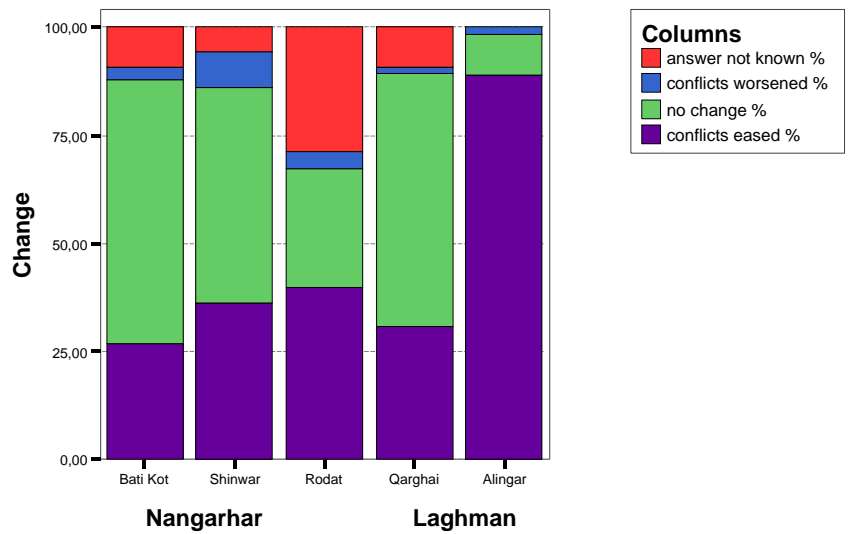
Market place outside Jalalabad



Top: shopkeepers are often a key source of cash to borrow in *salaam* agreements. Top-right: Street market selling products considered *haram* (sinful) in Afghanistan, like alcohol. Right: A product considered *haram* in the West—raw opium.

Another interesting finding is that the overwhelming majority of respondents felt that the general level of conflict was not affected by the opium poppy economy (42%) or, indeed, decreased because of the opium poppy economy (43%). In Alingar, in Laghman province, a staggering 90% of respondents even felt that the opium poppy economy had had a positive and easing impact on conflicts in the community. This is particularly relevant as Alingar has only recently started to cultivate opium poppy.

Did conflicts change with the opium poppy economy over the past 5 years?



Consequently, we did not find that the opium poppy economy thus far has been a major factor in conflict escalation at the community level. However, we did find that most conflicts do have an indirect link to the opium poppy economy. The opium poppy economy has an indirect impact on existing conflicts, because it influences, just like other economic activities, the capacities of actors in a conflict. In other words: The opium poppy economy does not directly cause conflicts, but existing conflicts are affected by the resources it generates. Profits from the opium poppy economy are used to bribe and to buy weapons (quite promising ways of solving conflicts in

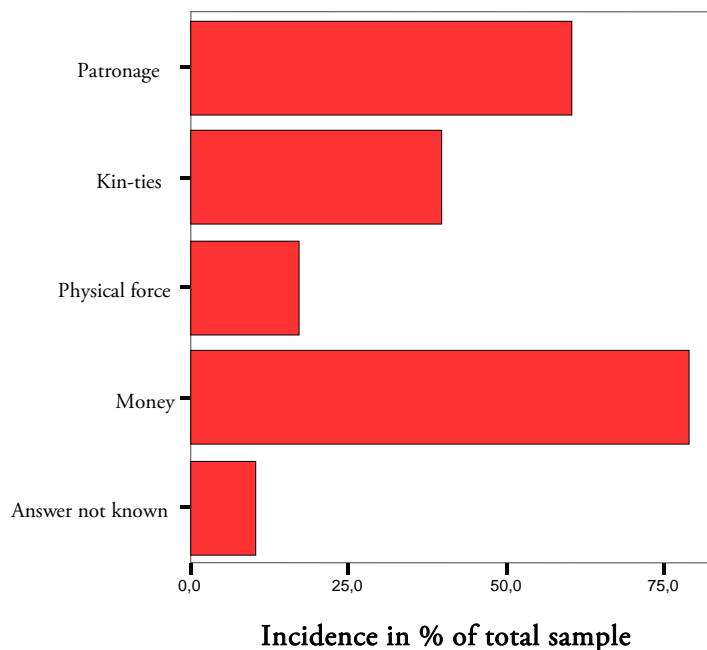
one's favour in Afghanistan), or they are used to acquire land, which in turn increases the pressure on this scarce resource. The profits which can be made from opium cultivation also increase the value of irrigated land, which in turn exacerbates conflicts over land.

Evidence from the interviews confirms that opium poppy economy profits are an important means of winning conflicts: When asked about the most relevant resources influencing the outcome of a con-

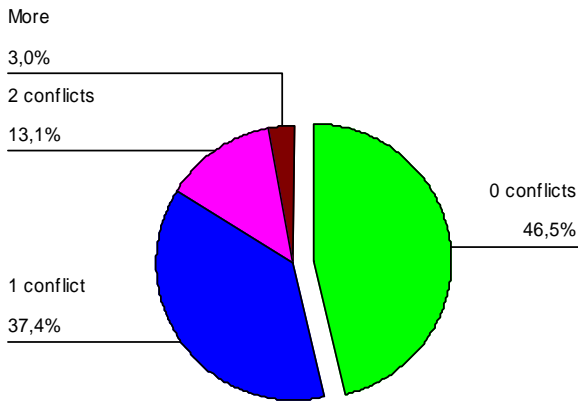
flict, 80% of the respondents considered money to be most decisive, with 60% considering patronage to be decisive. Kinship ties were seen as decisive by 40%. Thus, money and patronage

win. We read this as a strong indicator of corruption in official and informal institutions; it is also an equally strong indicator of the weakness of rule by law.

Assets most significantly influencing the outcome of a conflict (multiple responses possible)



Number of violent conflicts of concern for the community in 2004



We also note a very high propensity for all conflicts to become violent. There is a surprisingly high level of violence as part of conflict processing in all areas of conflict. Such a constant degree of violence seems to indicate that violent behaviour in conflicts is to some degree socially accepted. We asked our respondents to tell us how many conflicts of relevance occurred in their community in 2004, and how many of those in fact included the use of violence. Roughly half of all respondents identified one or more violent conflicts. In general, two-thirds of respondents mentioned that conflicts became violent.

The fact that conflicts are often “resolved” by means of raw power, bribes and patronage not only points to the fact that the rule of law does not have much weight in rural areas. It also implies that conflicts are not “processed” in an orderly way and thereby resolved, but instead they become what we call “power-locked”, i.e. they may break out anew as soon



as power relations change and the party which is dissatisfied with the status quo sees a new opportunity for changing the unsatisfactory situation.



The state’s capacity for dealing with conflicts is very low. Nevertheless we found that the overwhelming majority of all conflicts were brought by one or both parties to the attention of the official state institutions which should be responsible for dealing with them. However, we also found that none of these conflicts were resolved by state institutions in a binding way that outlived changes in the power-relations between the parties involved.



State-in-the-making (top down): The deputy of warlord-turned-police chief in Jalalabad; army recruits in jeeps sponsored by the Russian government; Soviet era prison under renovation

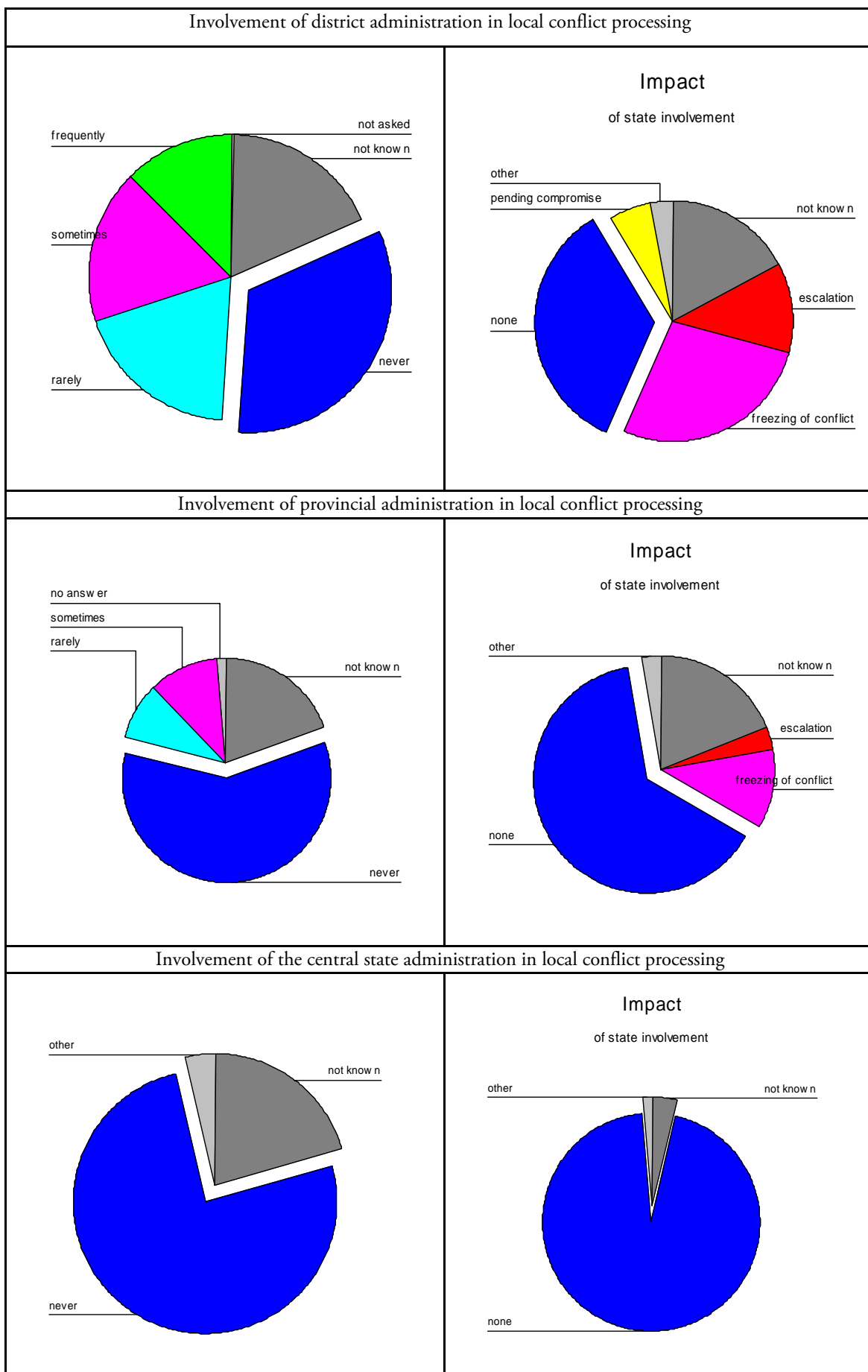
Therefore, one of the most worrying findings is that state

institutions at the local level are unable to make and implement binding decisions. Theoretically, it would be possible for informal, traditional societal institutions to step in, substituting the state function by providing non-violent conflict processing. Unfortunately, however, the available informal and traditional self-governing institutions, the most prominent being the *jirga* and the *shura*, are equally unsuited to this task. They cannot substitute for the state’s weakness in providing conflict regulation.

Jirgas are gatherings of representatives of the conflicting parties and mediators. They are called for the sole

purpose of finding an accepted resolution to a specific conflict. *Jirgas* deal with a range of conflicts, but they figure prominently in land tenure disputes. The procedure of a *jirga* foresees that parties to a conflict formally suspend their right to seek a decision by power and transfer the case to the *jirgamar* (the representatives of the *jirga*). If the *jirga* makes a bad judgement, it is expected to take full responsibility and the enmity between the parties switches to the *jirga*. A judgement of the *jirga* is signed by fingerprint by the parties to the conflict and by representatives of the *jirga*. It is often backed up by a public oath of compliance.

Degree of involvement in and impact of state administration on conflicts during 2004 according to the respondents:





Convention of the influential non-governmental community council organisation, run by the brother of the then governor of Nangarhar



Seen through the eyes of the average farmer, the most burning issues are security and development. The problems here would not change with the replacement of opium poppy by another cash-crop. From the perspective of rural households, the punitive system of credit, a lack of access to arable irrigated land, power-locked and unrepresentative formal and informal governance, property insecurity, legal ambiguity, a high level of violence and lack of binding decisions in conflict processing are problems that exist with or without the opium



Head of a Community Council, elected according to the NSP programme of the Afghan government

Evidence from the case studies suggests, however, that parties tend to withdraw from the agreement if they feel that power relations have shifted in their favour. *Jirgas* may therefore be effective at finding decisions, but they cannot implement them against the changing tides of mostly informal power.

The second institution which is often involved in conflicts about land tenure is the *shura*. *Shura* is an Arabic term meaning ‘consultation’. The term *shura* is nowadays overstretched and refers to a whole range of organisational forms of public and private interests. Most often, however, it is used to describe a village council that consists of male land-owners and assumes certain competencies of self-government in rural communities.

Such local traditional *shuras* must be set apart from the so-called ‘development *shuras*’. Development *shuras* are promoted in rural Afghanistan in the context of internationally sponsored community mobilizing programmes. These programmes assume that village communities have to become mobilized as a precondition for successful

development. Communities elect a council (a *shura*) which represents the village community as a whole rather than just a part of it. This council then prioritizes the village’s needs and implements various development measures jointly with the international organisations. It is clear that such a structure resembles in both form and function institutions of communal self-governance.

By far the most ambitious attempt at engineering community development *shuras* as a substitute for rural self-governance institutions are the so called Community Development Councils, which are implemented all over the country as the backbone of the National Solidarity Programme (NSP). Community Development Councils are intended to be representative organisations elected by a female and a male representative of each family within a community. Each Community Development Council is responsible for identifying and participating in the implementation of development projects.

The results from interviews paint an ambivalent picture of traditional and new community councils. The *shura* was seen as being either

‘very representative’ or ‘representative’ of the community by 85% of respondent households. This ‘approval rating’ in terms of the councils’ representational quality was only slightly lower for landless respondents (80%). On the other hand, the head of the *shura* did not figure prominently across the board in terms of respect. On average, only 10% of households named this function as being held by one of the most highly respected people in the village. In terms of power, the head of the *shura* was considered powerful by only 20% of respondent households, but there is strong variation between districts. In Shinwar 41% of households indicated that the head of the *shura* was one of the most powerful functionaries in the village, which may reflect the strong engagement of the *shura* initiative of the Nangarhar governor’s brother in that district. In Alingar, however, only 1.6% of households felt this to be the case, and the *khan* (large landowner) and village elders were clearly considered more powerful.

While nearly 75% of the respondent households considered their local *shura* to be independent from

powerful people, only 21% trusted the *shura* to resolve a conflict against the interests of the stronger party.

In sum, the data shows great ambivalence with regard to local councils, in terms of whom they represent, how independent they are, what defines their legitimacy, and how effective they may be in fairly processing conflicts. This finding urges caution in having expectations of traditional and newly founded institutions for local self-governance which are too high.

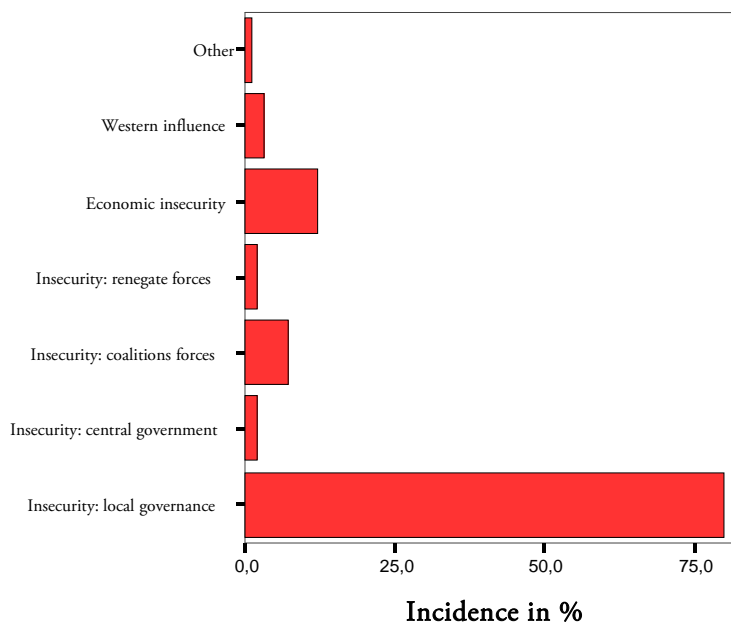
However, it is also clear from our findings that it is not the opium poppy economy that has caused this crisis of local self-governance. Instead it is the corruption of state institutions and the weakness of informal and new (NSP) institutions which makes conflict processing very vulnerable to manipulation by power. Seen through the eyes of the average farmer, the most burning issues are security and development. The problems here would not change with the replacement of opium poppy by another cash-crop. From the perspective of rural households, the punitive system of credit, a lack of access to arable irrigated land, power-locked and unrepresentative formal and informal governance, property insecurity, legal ambiguity, a high level of violence and lack of binding decisions in conflict processing are problems that exist with or without the opium poppy.



Head of a village (*malek*) with other senior figure; the village lost most of its land to newcomers in the neighbourhood that enjoy the protection of local post-Taliban militias (now police)

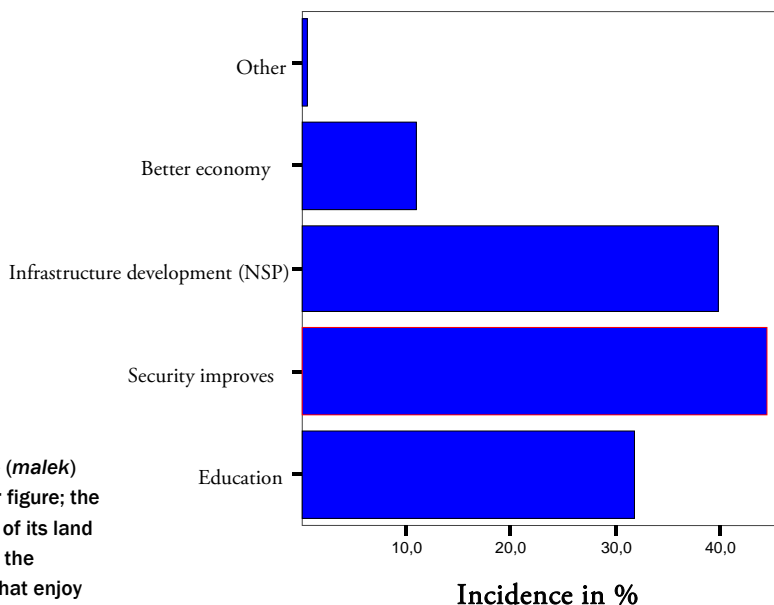
Perceived threat to the local community

(open question, multiple answers, coded after the interview)



Perceived hopes for the local community

(open question, multiple answers, coded after the interview)





Top: Head of police, Bati Kot
Below: Village head in Alingar

Loyalty to the President has to be bought, and foreign sponsors are to pay for it. It is clear that such a political system is fragile at best



Top: Alternative crops in Achin (roses next to opium poppy)
Below: cash for work project

Conflict, State-Building and the Fight against the Drug Economy

Combating the drug economy in Afghanistan is of crucial importance for both Afghanistan and the international community. The question of which strategies should be applied has been much debated, because it is clear that the choice of strategy and the way it is implemented will have a considerable impact on the ongoing state-building project.

The research for this report was conducted in districts of two provinces where the cultivation of opium poppy has come to a near total halt within one year. This shows that it is not impossible to dramatically curb opium cultivation in a matter of months. It is, however, by no means clear that this achievement is sustainable. We looked at how this dramatic reduction in opium cultivation has been achieved and what consequences it has had. We found that the success came at a price: It negatively affected the livelihood of many farmers, and it strengthened a political system at the provincial level that may not be supportive of state-building.

How could opium cultivation be reduced so quickly? We found that it was mainly through the informal mechanics of coercion, persuasion and cooptation, combined with the promise of compensation funded by the international donors. The main transmission belt linked President Hamid Karzai and General Daud (Deputy Minister of the Interior for Counter Narcotics) to the governors and police chiefs at province and district levels. In December 2004, the provincial leadership was summoned to Kabul and told that they would lose their positions within the state administration if they did not achieve a reduction in opium poppy cultivation in their provinces and districts. No other demand was made with regard to law enforcement activities, such as interdiction, arrests and persecution of traders and their security providers. Obviously, the threat of losing office was a significant incentive for provincial power holders, most of whom are former *mujaheddin* commanders and their associates. There appears to be a growing

understanding that being a warlord or *jihadi* commander is less secure and less lucrative than a position in the state bureaucracy.

President Karzai backed this demand by declaring a *jihad* (persistent struggle) against the opium poppy economy two days after his inauguration in autumn 2004, thereby linking an involvement in the opium poppy economy with notions of religious sin and collective shame.

At the same time, the provincial power holders who had supported the election campaign of President Karzai and secured him votes in the eastern provinces urged their “constituencies” to follow the President they had, after all, elected. However, provincial power holders stressed time and again in interviews that loyalty was not a one-way street. Instead, they viewed it as a reciprocal relationship of dependency that can be revoked by both parties at any time. Compliance with the ban on cultivation was explicitly seen as conditional on rapid compensation and rural development.



Top: alternative crops in Qarghai
Below: security operation along the Nangarhar canal; later some communities were targeted by house searches for opium



Our community has a problem. The problem is that everyone knows we had a deal last year with the provincial government about the percentage of opium poppy fields we would keep. So everybody knew we have harvested opium. This harvest is with the farmers and landowners at their homesteads. This harvest we have to sell to pay back our debts and to satisfy our daily needs. But today, when we take our harvest to the bazaar we are called drug-dealers and punished. When we keep the opium at home security forces

attack and confiscate the harvest and put us in jail. This is a problem for our community and we ask you for your help in this.

(Petition to Haji Nazrulla Baryalai, head of the Organisation of Councils of Nangarhar Communities, read to the author during an interview on 21 February 2005)



Top: Emblem of the Organisation of Councils of Nangarhar Communities
Below: Village intelligentsia in the local pharmacy

However, meeting these expectations is beyond the financial and organisational capacity of the Afghan government. Keeping the promises that led the provincial power holders to cooperate in combating the drug economy thus depends on foreign financing and on foreign organizations. In other words, loyalty to the

President has to be bought, and foreign sponsors are to pay for it. It is clear that such a political system is fragile at best. The majority of farmers seemed to tolerate this 'eradication contract' this year. However, since it is unlikely that the resulting hardships for the farmers will be mitigated by quick compensation, we

expect this to change. We expect that farmers may quit their loyalty to the central and provincial government. It therefore may be too early to hail the success of the provincial law enforcement bodies in bringing down opium poppy cultivation in eastern Afghanistan.

Eradication without providing alternative livelihoods may actually work as a price-support programme which benefits traders, protectors and big-time landlords who have the freedom to choose when to produce and sell their products.



Village youth at an idle filling station

Our job as a law enforcement agency is to make sure eradication is done and farmers are not cultivating opium poppy. We want to put some 4-5 traffickers in jail from each poppy producing province to make an example. [...] The other side is the poverty of the farmers. We, the Afghan state, will do our part, there will be no more poppy cultivation. But it is the responsibility of the big donors to

provide alternative livelihoods, alternative crops and development to the farmers, both short term and long term.

(Dep. Minister of the Interior, General Daud, 15.02.2005, interview notes)



Left: Rickshaw taxis in Jalalabad depicting favourite Pakistani or Indian movie motifs
Top: The head of border guards, nephew of the then governor and son of a leading mujaheddin commander, at his guesthouse



Top: Educated villager, son of pharmacist in Alingar district
Below: Soviet army graffiti in the Pamir; the communist period is remembered for excessive violence as well as for education and infrastructure programmes

“When the Russians came to the villages to build roads and to plant trees we received them like gods. When they came with tanks and weapons look what happened to them. The Americans and British came with tanks and weapons straight away. If things continue like they are now do you think people like you will still be able to walk around here freely next year?” (Interview with a head of shura and former commander in Nangarhar)



Water well in a Rodat village

There are also other aspects to worry about. The surprising fact that opium poppy cultivation was reduced following an order from Kabul should not be interpreted as a sign of growing state capacities. The state remains weak. It is more that regional power holders and their enforcement structures proved that they are able to “switch off” cultivation, even when this means depriving a large number of households of their livelihoods. The trouble with this is that all of our respondents are convinced that it is precisely these regional power holders who profited from the opium poppy economy, both directly and indirectly by selling political patronage and security. No one doubts that these power holders can kick-start the opium poppy economy again if their demands are not met.

A counter-narcotics programme that targets primarily the weakest part of the chain - the farmers - and that is implemented by power holders who themselves may be part of the opium poppy economy, could easily backfire. Eradication

without providing alternative livelihoods may actually work as a price-support programme which benefits traders, protectors and big-time landlords who have the freedom to choose when to produce and sell their products.

The moral problem of relying on “*gunmen to catch gunmen*” aside, there are also some very practical risks with this strategy. The central state, together with the coalition forces, clearly wanted to “get things done”, and they achieved surprising results. However, they did so by entrenching local power holders. Thus, the temporary success in eradication did not strengthen the rule of law, but instead strengthened arbitrary rule by force and patronage, executed by local

power holders over the rural population. Bad local governance may become worse. If so, the rural population will hold the Afghan state less accountable for this situation than the foreign forces. Law enforcement in the context of the opium poppy economy is driven by policy priorities formulated elsewhere and implemented via the central Afghan state. This foreign drive behind eradication clearly has not escaped the eye of the rural population and appears to be discussed vividly at the village level. The following quote from a tailor in Shinwar district represent a line of argument which was encountered time and again in interviews:

“There has been drought for about eight years. With my tailoring work, I cultivated some poppy fields; but this year as the government forbade poppy cultivation, I didn’t cultivate the land because wheat cannot meet the costs [of leasing the land]. I don’t own land. I am indebted, too. Thus, I wonder how to pay off the debt. The state hasn’t helped us at all. We were very optimistic for the [presidential] election assuming that a good government would be set up and it would heal our wounds; but they kill us because they grab our livelihood and kill us through hunger. They satisfy their foreign lords and forced us to stop poppy cultivation.” (A tailor from Shinwar)

A worst case scenario in Afghanistan's immediate future that is put forward quite prominently by many experts and responsible officials proposes a weak Afghan state being captured by a powerful and well-organised drug-mafia. From the evidence of this research we conclude that Afghanistan is still far from becoming an integrated narco-state. State institutions at provincial and district levels are not dominated by drug-barons, but mostly by former *mujaheddin* commanders. Their autonomy from the central state varies considerably. Some former *mujaheddin* commanders act with little constraint, whereas others, like those in the eastern provinces where this research was conducted, very much depend on the backing of the central state and of US-led coalition forces.

Until now there have been no instances of narco-barons capturing the state. On the contrary, state office is becoming an attractive resource in the hands the former *mujaheddin* in order to tax the local economy. In

places where opium poppy plays a significant role in the economy, it is clear that the bulk of informal taxes stem from the opium poppy economy.

Seen from the local perspective, the opium poppy economy is thus far not a prime area of conflict. An increasing criminalisation of the opium poppy economy could change this, as it would lead to the exclusion of farmers and small traders from the profits available. Quite probably, it would also trigger a process of integration and monopolisation, which would lead to the emergence of a few large scale drug barons that control the business. Yet so far this has not happened. Currently the threat comes from another direction.

While we would certainly not claim that the opium poppy economy has taken over the state at the provincial or district level, we would argue that the opium poppy economy is financing a certain type of local governance that is problematic for central state building. This type of governance is built on networks of patronage and rules by coercion. It

benefits former *mujaheddins* who enjoy, at least for the time being, the patronage of the centre and of the coalition. It may not necessarily be a mode of governance that can be transformed easily into a rule of law, exercised by an impartial state administration. In other words, it cannot be denied that the President, backed by coalition forces, exercised an unexpected measure of central control. However, this does not necessarily mean a step towards strengthening state capacities. The measure of top-down control and the stability that has been achieved by co-opting local power holders undermines the emergence of a state that Afghans can recognise as legitimate. The eradication measures of 2005 fostered a mode of governance based on cooptation and patronage. Our snapshots from the field in rural Afghanistan lead us to doubt whether this strategy will in the long run be effective for achieving the immediate objective of combating the opium poppy economy and for the wider goal of building reliable state institutions.

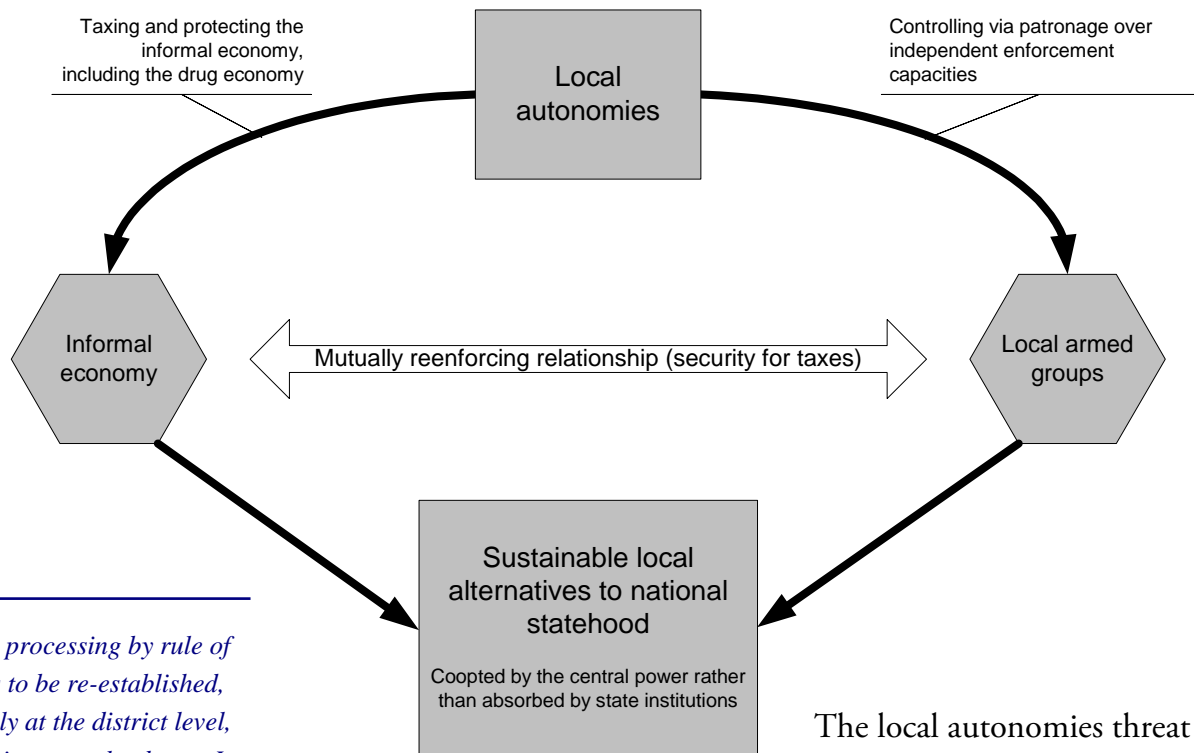


Large household compound in Rodat, Nangarhar; households in the research sample range from 1 to 203 members with an average of 15 members or 2.4 nuclear families residing in one household

The measure of top-down control and the stability that has been achieved by co-opting local power holders undermines the emergence of a state that Afghans can recognise as legitimate



Haji Din Mohammad, then governor of Nangarhar (released of his duties in June 2005)



Conflict processing by rule of law has to be re-established, especially at the district level, where it is currently absent. In the long run, the provision of security and of the rule of law are the most important sources of legitimacy for an emerging state and thus are the most important resources that fuel successful state-building

Right: Guards in front of the Governors palace in Jalalabad
Far-right: Deputy head of police in Mitalram, Laghman province



The local autonomies threat

Conclusion

From the perspective of the rural population, the objectives of combating the drug-economy and building reliable state institutions would be served by providing fair credit opportunities for farmers, by restructuring farmers' debts, by a state-sponsored financial programme and by increasing land tenure security through the registration of private, common and public land. Lastly, of crucial importance

would be the provision of institutions that could deal with conflicts in a reliable and predictable way. As this research shows, conflicts in post-war rural Afghanistan are common. They tend to be power-locked, open to manipulation and they very often turn violent. We found that existing traditional institutions such as *jirgas* and *shuras* are no adequate substitute for dealing with conflict by rule of law.

Hence, conflict processing by rule of law has to be re-established, especially at the district level, where it is currently absent. In the long run, the provision of security and of the rule of law are the most important sources of legitimacy for an emerging state and thus are the most important resources that fuel successful state-building.



Top: New fitness centre in Jalalabad run by the governing elite;
Below: Kite-competition at the Abdul Haq park in Jalalabad, pastime for the common people

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Disclaimer:

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This report was commissioned by the Programme for Alternative Livelihoods (PAL), a European Union financed programme implemented by the Deutsche Gesellschaft für Technische Zusammenarbeit GTZ in Kunar, Laghman and Nangarhar provinces in Eastern Afghanistan. The research was conducted on behalf of and in cooperation with GTZ's Development-oriented Drug Control Programme (DDC) in order to provide an understanding of the interdependency of conflict and the Opium Poppy Economy in the Eastern Provinces of Afghanistan.

All photos were taken by Jan Koehler.

www.gtz.de/drogen
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Synopsis

Afghanistan faces two principle challenges for success in sustained peaceful development: state-building and rapid social transformation. Success in establishing accepted and functional state institutions will only be possible if the Afghan state and society engage with one another in a constructive way. The state has yet to penetrate society with its institutions and it has yet to convince society of the legitimacy of its rules. After years – or decades for many rural communities - of coping without functional state-institutions, this process implies painful social change that directly affects the family, household and community levels. At the same time, sustainable and peaceful social and economic development after years of insecurity, violence and civil war depends more than anything else on successful state-building. Without com-

mon peace, the rule of (state rather than customary or Islamic) law and a legitimate state capable of providing essential services and public goods to its citizens, both economy and society will remain power-locked and stagnant at best.

In this report we investigate the nexus between the Opium Poppy Economy (OPE) and conflict dynamics in Afghanistan from three main perspectives: (1) the impact of the OPE on conflict processing at the community level; (2) counter-narcotics measures; and (3) state-formation and anti-state dynamics. We concentrate on how OPE-related dynamics affect the scope of choice of actors at the bottom of the value adding chain. We look at the issue of dependency and insecurity from three angles: economic con-

straints, political constraints and socio-cultural constraints. We then ask how these constraints impact on the conflict processing capacities of households within communities, between communities and between communities and the emerging state on the district and provincial levels.



Girls returning home from school